

THE BANKS OF NORTHERN

EUROPE. The Bank of The

Netherlands.

The existing Bank of the Netherlands is the successor of the Bank of Amsterdam, one of the most famous of the banks of the Middle Ages. The Bank of Amsterdam was not a bank of issue in the modern sense, but proposed originally to deliver receipts for deposits of coin. The bank was founded by an ordinance of the City of Amsterdam of January 31, 1609, and was called the Exchange Bank (*Amsterdamsche Wissel-bank*). Much confusion and many disputes had arisen in the city because of the variety of coins in circulation and their departure from the proper standard. Money of full weight rose to a premium with the exchange brokers and the fact was considered as the result rather than the cause of their operations. The city undertook by a statute of July 15, 1608, to prohibit the holding of deposits or the transfer of money by any one except the owners or their personal agents. The use of bills of exchange was forbidden and traders were directed to make no discrimination between light and heavy coins nor to give or take money at a higher rate than that fixed by the States-General.

These provisions were only intended to clear the ground for the establishment of the new bank under government control. All bills of exchange were required to be paid through the bank, and the institution was required to sell any kind of specie demanded of it at as low a premium, as possible. The transferable deposits or credits came to be known as "bank money" and bore this designation throughout the history of the bank. The creation of a means of exchange of fixed and uniform value did much to promote the great commerce of which Amsterdam was becoming the centre. The bank accepted deposits only at their bullion value and granted credit for the amount in lawful money, subject to a proper charge for handling. Deposits were necessarily subject to charges, because the bank was supposed to keep in its vaults every guilder received and to do no loan and discount business. Payments in Amsterdam came to be made universally in bank money, by the pre-